

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

AGR-05 DODE-00 PA-01 USIA-06 PRS-01 NIC-01 NSCE-00

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INFO AMCONSUL HONG KONG

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TAGS: ETRD, US, CH

SUBJECT: TIENTSIN CARPET FAIR

REF: PEKING 0258

SUMMARY: THE CARPET FAIR NOW BEING HELD IN TIENTSIN IS WELL STAGED PRESENTATIONALLY, BUT DUE TO WEAK INTERNATIONAL MARKETS DOES NOT APPEAR A COMMERCIAL SUCCESS. ALTHOUGH 25 AMERICANS HAVE ATTENDED (WIVES AND DEPENDENTS COUNTED) ONLY FOUR SPECIALIZED U.S. CARPET IMPORTERS HAVE BEEN ON HAND, AND USLO DOUBTS THAT TOTAL PURCHASES WILL EXCEED \$100,000. END SUMMARY.

1. USLO CHIEF BUSH AND TWO E/C OFFICERS SEPARATELY VISITED THE TIENTSIN CARPET FAIR ON FEBRUARY 26 AND 28 AND MARCH 3. THE FAIR IS THE FIRST OF ITS KIND TO BE STAGED IN THE PRC AND IS JOINTLY SPONSORED BY THE PEKING, TIENTSIN, SHANTUNG, DAIREN AND SHANGHAI BRANCHES OF THE CHINA NATIONAL NATIVE PRODUCE AND ANOMAL BY-PRODUCTS CORPORATION.

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IT OPENED FEBRUARY 25 AND WILL RUN THROUGH MARCH 5. IT IS BEING HELD

IN THE TIENTSIN INDUSTRIAL CENTER, A FAIRLY LARGE AND NEW EXHIBITION HALL WHICH AFFORDS MORE AMPLE DISPLAY ROOM THAN IS AVAILABLE FOR CARPETS AT THE SEMI-ANNUAL CANTON FAIRS. PRESENTATIONALLY, THE FAIR IS GOOD.

2. ACCORDING TO NCNA (FEBRUARY 26) BUSINESSMEN FROM OVER TWENTY COUNTRIES AND HONG KONG ATTENDED THE FAIR'S OPENING, AND A FAIR OFFICIAL TOLD A USLO OFFICER THAT OVER 200 BUSINESS VISITORS WERE EXPECTED. THE IMPRESSION OF AMERICANS AT THE FAIR, HOWEVER, IS THAT OVERALL ATTENDANCE WAS LOWER, PERHAPS 125 TO 150. USLO OFFICERS FOUND ONLY 15 TO 20 BUSINESS VISITORS IN ATTENDANCE ON THE AFTERNOON OF FEBRUARY 28 AND ONLY 5 TO 10 ON THE AFTERNOON OF MARCH 3. U.S. ATTENDANCE (WIVES INCLUDED) HAD REACHED 25 BY MARCH 3, BUT THIS INCLUDED

A LOS ANGELES "CELEBRITY CONTINGENT" OF TEN PEOPLE, LED BY STEVE ALLEN AND HIS WIFE JAYNE MEADOWS, WHICH DID NOT APPEAR TO BE DOING SIGNIFICANT BUSINESS. MISS MEADOWS APPARENTLY OBTAINED HER INVITATION IN HER CAPACITY AS HEAD OF A SOUTHERN CALIFORNIA INTERIOR DECORATING BUSINESS, AND HER PARTY CONSISTED OF ONE OR TWO OTHER DECORATORS, PLUS SPOUSES, PARTNERS OR DEPENDENTS.

3. THE FOUR SPECIALIZED US IMPORTERS WHO ATTENDED WERE CHARLES ROSTOV OF TRANS-OCEAN IMPORTS, ALBERT MOOMJY OF EINSTEIN-MOOMJY CARPET CHAIN, YUSEF HAKIMIAN OF HAKIMIAN CO. (ST. LOUIS), MEHDI DALMAGHANI, A NEW YORK CARPET IMPORTER. THE LATTER THREE, IN CHINA FOR THE FIRST TIME, WERE ACCOMPANIED, RESPECTIVELY, BY CHINA TRADERS C.J. WANG, JAY PACE, AND PAUL SPELTZ, ALL OF WHOM ARE ALSO PURSUING OTHER BUSINESS INTERESTS WITH CHINA WHILE HERE. ROSTOV WAS DISCUSSING A HOPED-FOR THREE YEAR EXCLUSIVITY ARRANGEMENT FOR THE IMPORT OF HOOKED

AND LOOPED RUGS MADE IN SHANGHAI AND PEKING, AND AFTER RETURNING TO PEKING MARCH 3 HE INFORMED USLO THAT HE WOULD PROBABLY CONCLUDE AN AGREEMENT HERE BEFORE LEAVING FOR HOME.

4. ACCORDING TO AN EXPERIENCED EUROPEAN CHINA TRADER AT THE FAIR, OVERALL FAIR BUSINESS HAS NOT BEEN GOOD PRINCIPALLY BECAUSE MANY OF CHINA'S MAJOR CUSTOMERS STAYED AWAY. ROSTOV SHARED THIS CONCLUSION; ALTHOUGH CHINA HAS REDUCED ITS PRICES, HE SAID, MARKETS IN EUROPE AND THE U.S. REMAIN SOFT, AND RUG MERCHANTS ARE REDUCING INVENTORIES. THE CHINESE ARE NOW QUOTING SHORTER LIMITED OFFICIAL USE

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AND SHORTER DELIVERY TIMES, ROSTOV ADDED, AND THIS MEANS THAT THEIR UNSOLD STOCKS ARE GROWING.

5. FAIR OFFICIALS ACKNOWLEDGED TO THE EUROPEAN CITED ABOVE THAT BUSINESS HAS NOT BEEN VERY BRISK, BUT RATIONALIZED THIS BY SAYING "THIS IS ONLY OUR FIRST FAIR." ASKED IF THEY WOULD BE HOLDING CARPET FAIRS ON A REGULAR BASIS, THE OFFICIALS REPLIED THIS WILL BE DECIDED LATER AFTER THEY HAVE AN OPPORTUNITY TO "SUM UP THE

EXPERIENCES" OF THIS FAIR.

6. NO MORE AMERICANS ARE EXPECTED (APPARENTLY NOT MANY WERE INVITED), AND OUR GUESS IS THAT TOTAL U.S. PURCHASES WILL NOT EXCEED \$100,000. IN CONVERSATIONS WITH USLO OFFICERS, FAIR OFFICIALS INDICATED NOT MUCH BUSINESS HAD BEEN DONE WITH THE U.S. BUT INSISTED THIS DID NOT MATTER SINCE THE FAIR'S MAJOR PURPOSE WAS TO "PROMOTE FRIENDSHIP." ACCORDING TO U.S. BUYER HAKIMIAN, ONE REASON FOR POOR BUSINESS WITH THE U.S. IS THAT THE CHINESE DID NOT INVITE THE RIGHT PEOPLE. HE NOTED THAT ONLY 4 OF ABOUT 12 IMPORTANT US CARPET IMPORTERS WERE AT THE FAIR TO WHICH WE WOULD ADD THAT THE CHINESE ACTUALLY INVITED ONLY ONE OF THE FOUR THAT DID COME. THE OTHER THREE ATTENDED ON THE INVITATIONS ISSUED TO CHINA TRADERS WHO THEMSELVES KNOW LITTLE ABOUT THE CARPET BUSINESS.

7. PRCLO COMMERCIAL OFFICE T'UNG CHIH-KUANG, NOW IN CHINA ON HOME LEAVE, WAS AT THE FAIR FOR SEVERAL DAYS AND WAS INSTRUMENTAL AT ONE POINT IN HELPING ROSTOV WHEN HIS NEGOTIATIONS WERE BEGINNING TO FALTER.

8. INFORMATION IN PARAS 3 AND 7 ABOVE IS COMMERCIALLY SENSITIVE.

BUSH

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